

APPENDIX 4E

ANNUAL REPORT

THORN GROUP LIMITED ACN 072 507 147

YEAR ENDED 31 MARCH 2013

1 Details of the reporting period and the previous corresponding period

Current period:	1 April 2012 to 31 March 2013
Prior corresponding period:	1 April 2011 to 31 March 2012

2 Results for announcement to the market

	Year Ended 31 March 2013 \$'000	Year ended 31 March 2012 \$'000	Change %
2.1 Total Revenue	203,203	188,351	7.9%
2.2 Profit attributable to equity holders of Thorn Group Limited	28,021	27,849	0.6%
2.3 Profit attributable to ordinary equity holders of Thorn Group Limited	28,021	27,849	0.6%

	Amount per security	Franked amount per security
2.4 Dividends		
Interim dividend (paid 18 January 2012)	4.50 cents	100%
Final dividend (declared, not yet provided at 31 March 2013)	6.00 cents	100%

2.5 Record date for determining entitlements to the dividends

Record date for the final ordinary dividend is 17 June 2013

2.6 Commentary

<p>Review of financial position</p> <p>Increases were achieved in both revenue and profit for the 2013 financial year with total revenues growing from \$188,351,000 to \$203,203,000, a 7.9% improvement.</p> <p>Revenue in the Consumer Leasing segment grew 7.7%, from \$157,817,000 to \$170,020,000 due to increases in operating lease and finance lease revenue. Operating lease revenue growth was primarily attributable to significant increases in furniture installations. Finance lease revenue growth was driven by the introduction of a 24 month contract term, via which mobile phones and tablets were leased.</p> <p>A decrease in revenue of \$2,254,000, or 10.7% was incurred in the Credit Management segment. Collection revenue was lower than the prior year due to the loss of the ATO contract and PDL revenue was impacted by the age of the portfolio.</p> <p>Revenue for Thorn Equipment Finance grew 112.4%, from \$2,885,000 to \$6,129,000. The revenue growth is attributable to the increase in settlements, which increased 156.7% from \$12,916,000 to \$33,161,000. Equipment financed during the year included IT, telephony, poker machines, audio visual and industrial and commercial equipment.</p> <p>An increase in revenue was achieved by Thorn Financial Services during the period of \$1,818,000, or 29.8%. The revenue increase was driven by a 25.6% increase in loan receivables, from \$17,324,000 to \$21,754,000.</p> <p>Operating expenses increased due to salary and rent reviews, projects relating to tax and funding, and investment in new business resources.</p> <p>This resulted in profit before income tax increasing 1.5%, from \$40,191,000 to \$40,788,000. Net profit after tax increased 0.6%, from \$27,849,000 to \$28,021,000.</p>
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Cash Flows

Net cash from operating activities increased from \$71,758,000 to \$93,328,000 due to the growth in units on rent in the consumer lease segment, the associated payments from customers and a decrease in tax paid due to a benefit relating to the acquisition of NCML. Increases in net cash from operating activities were invested in Rental Assets, up 10.3% to \$60,463,000 and Thorn Equipment Finance settlements, up 156.7% to \$33,161,000.

Funding

Debt facilities were renewed. The facility limit was increased to \$50,000,000 and the term of the facility extended to 31 July 2016. The consolidated entity also agreed to a \$50,000,000 securitisation facility to enable continued expansion of Thorn Equipment Finance. It is expected that funding on this facility will commence in June 2013. Establishment and legal fees were incurred.

The company paid dividends of \$14,656,000 and introduced a Dividend Reinvestment Plan (DRP), resulting in the issue of 800,838 new ordinary shares.

Legislative changes

The consolidated entity continued to be involved in discussions with the Federal Treasury in relation to the enhancements to the National Consumer Credit Protection legislation, which primarily involves more disclosure around financial service products.

Likely developments in operations

New products are expected to be launched by Thorn Financial Services, including larger loans on a secured and unsecured basis. Within Consumer Leasing, a new invigorated look and new offerings are expected to penetrate new demographics. These offerings are likely to include extended length contracts, savings club, interest free and take home layby.

New client wins in the second half of FY13 and additional PDL purchases will positively impact the earnings of the Credit Management segment in FY14. Thorn Equipment Finance will continue to focus on increasing settlements and maintaining impairment losses to grow earnings.

The implementation of these new products, and the further expansion of each operating segment continues the consolidated entity's strategy of becoming a broader based financial services organisation.

3 Consolidated Balance Sheet

Refer to the 2013 Annual Financial Report

4 Consolidated Income Statement

Refer to the 2013 Annual Financial Report

5 Consolidated Cash Flow Statement

Refer to the 2013 Annual Financial Report

6 Dividend Details

Since the end of the financial year, the Directors have recommended the payment of the 2013 final dividend of 6.00 cents per fully paid ordinary share to be 100% franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 18 July 2013 is \$8.855 million.

7 Dividend or Distribution Reinvestment Plan Details

The company introduced a Dividend Reinvestment Plan (DRP) as part of the Company's Capital Management Strategy. The DRP was active for the payment of the Interim Dividend. On 17 January 2013, the Company issued 800,838 new ordinary shares at \$2.01 per share under the DRP.

The DRP will be active for the final dividend and a discount of 2.5% will apply.

8 Retained Earnings

	Year Ended 31 March 2013 \$'000	Year Ended 31 March 2012 \$'000
Balance at the beginning of the financial year	43,756	28,179
Profit attributable to equity holders of Thorn Group Limited	28,021	27,849
Dividends to Shareholders	(14,656)	(12,272)
Total Retained Earnings	57,121	43,756

9 Net Tangible Assets Per Security

	Year Ended 31 March 2013 \$	Year Ended 31 March 2012 \$
Ordinary shares	0.86	0.75

10 Control gained or lost over entities in the Financial Year, and those having material effect

Name of entities where control was gained in the financial year	Date Control Gained
Not Applicable	-

	Date Control Lost
Not Applicable	-

The above entities did not contribute materially to the reporting entity's profit from ordinary activities during the period they were controlled.

11 Investments in Associates and Joint Ventures

Name	Participating Interest (%)
Nil	Nil

12 Other Information

Refer to the 2013 Annual Financial Report

13 Foreign Entities

Not Applicable

14 Commentary on results for the Financial Year

Refer to the 2013 Annual Financial Report

15 Audited Report

This report is based on audited accounts.

16 Statement if Financial Report is not audited

Not applicable

17 Statement if Financial Report is Audited

The financial Report has been audited and is not subject to disputes or qualifications